

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4063-09  
Bill No.: SCS for HS for HCS for HB 1650  
Subject: Bonds General Obligation and Revenue; Water Resources and Water Districts  
Type: Original  
Date: May 9, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$0	\$0	(\$1,289,158)
Water Pollution Control	\$0	\$0	(\$150,000)
Safe Drinking Water	\$2,000,000	\$2,400,000	\$2,400,000
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$2,000,000</b>	<b>\$2,400,000</b>	<b>\$960,842</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 12 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

#### *Pertaining to all sections:*

Officials from the **Office of the State Courts Administrator, Office of Administration – Division of Budget and Planning, Department of Economic Development – Public Service Commission, Department of Conservation, City of Poplar Bluff, and Cole County**, assume the proposed legislation would have no fiscal impact on their agencies.

#### *Pertaining to §247.040 (Public Water Districts):*

Officials from the **Department of Natural Resources** state the proposed legislation does not impact their Department's authority and therefore assume no direct fiscal impact.

**Oversight** assumes this proposal amends the law that controls water district formation and would have no state fiscal impact. The proposal changes the number of publications required when a petition has been filed and a hearing has been set. Oversight assumes there would be some savings to the district from publication cost, provided the district is formed. Whenever 2/3 of the registered voters, or not less than 50 voters, of the proposed district sign a petition of formation, the Court may incorporate the district and no election is held. Oversight assumes there would be some election costs savings from this procedural change. All savings to the district is unknown.

#### *Pertaining to §249.669 (Territorial Agreements):*

Officials from the **City of Poplar Bluff** assume the proposed legislation would have no fiscal impact on their office.

#### *Pertaining to §250.140 (Sewerage Systems and Waterworks):*

**Oversight** assumes sewer and/or water districts could incur additional postage costs. Oversight assumes the cost to be minimal and therefore have not shown a fiscal impact for this section of the proposal.

#### *Pertaining to §278.258 (Watershed Districts):*

Officials from the **Department of Natural Resources** and **Cole County** assume the proposed ASSUMPTION (continued)

legislation would have no fiscal impact on their agencies.

**Oversight** assumes counties that want to detach from a subdistrict would need the approval of a majority of the residing voters. Oversight assumes this would be a discretionary act. Oversight assumes local governments that would detach themselves would have to pay any outstanding indebtedness for services or works of improvement rendered by the subdistrict in that county. Because this proposal does not mandate counties to detach from watershed subdistricts Oversight assumes no fiscal impact.

*Pertaining to §393.705 (Public Sewer Districts):*

Officials of the **Department of Natural Resources** assume this proposal would no longer allow nonprofit water and sewer companies to enter into a joint municipal utility commission, therefore the proposal would have no fiscal impact on the Department.

**Oversight** assumes this proposal would have no state or local fiscal impact.

*Pertaining to §393.847 (Sewer Companies):*

Officials from the **Department of Natural Resources** assume that a non-profit sewer company and a non-profit sewer corporation are regulated the same under our statutes and therefore no fiscal impact would be anticipated from this provision.

*Pertaining to §610.021 (Sunshine Law):*

Officials from the **Department of Natural Resources** assume the proposed legislation would have no fiscal impact on their agencies.

In response to similar legislation, officials of the **City of Kansas City, Office of the Governor, Office of the Lieutenant Governor**, and the **Office of Administration** indicated this proposal would have no direct fiscal effect on their agencies.

*Pertaining to §640.100 (Primacy Fee):*

In response to similar legislation, officials from the **Office of the Secretary of State** assume this proposal would extend the primacy fee to September 1, 2007. Based on experience with other divisions; the rules, regulations, and forms issued by the Department of Natural Resources and the ASSUMPTION (continued)

Department of Health and Senior Services could require as many as approximately 6 pages in the

Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes, and notices that are not published in the Code. SOS estimates the cost of a page in the Missouri Register and the Code of State Regulations to be \$23 and \$27, respectively. SOS estimates costs of \$369 for FY 2003. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decision to raise fees to defray costs would likely be made in subsequent fiscal years.

In response to similar legislation, officials from the **Department of Revenue** and the **Department of Health and Senior Services** assume this proposal would have no fiscal impact on their agencies.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would extend the sunset date for collecting the drinking water primacy fee until September 1, 2007. Current law contains a September 1, 2002 sunset. This fee costs Missouri households 66¢ - \$2.00 per year and generates approximately \$2.4 million in revenues annually to the Safe Drinking Water Fund. The proposed legislation does not change DNR's authority but would continue to fund an existing program.

State law requires the cost of testing to be borne by DNR and this testing cost is currently funded by the primacy fee. Vulnerability assessment performed by DNR reduces the amount of monitoring by approximately 75 percent. EPA does not perform such assessments; so public water systems would have to do more monitoring under federal regulation than is currently required under state regulation. The cost of increased monitoring would be passed along to the customers in the form of higher water rates.

**Oversight** assumes the fiscal impact of this proposal would be \$2.4 million per year in revenues to the Safe Drinking Water Fund, beginning September 1, 2002.

*Pertaining to §640.620 (Public Water and Sewer Districts):*

Officials from the **Department of Natural Resources** assume there would be no change to the total amount of grant money available and grants would be handed through the Department's normal grant administration process. Therefore, DNR assumes no impact.

ASSUMPTION (continued)

**Oversight** assumes this proposal revises the limitations on what grants would be allowed for water systems and districts. Oversight assumes this proposal would allow more than one grant, in any

given year, therefore, fiscal impact will be shown as \$0 or a positive Unknown to local government. Current law allows one grant per year.

Pertaining to §640.825 (Burden of Proof):

Officials from the **Department of Natural Resources (DNR)** assume under current environmental law, the burden of proof lies with the appellant. This proposal would shift the burden of proof from the appellant to the department in all cases except in matters involving the denial of a permit, license, or registration. DNR is unable to determine the amount of resources that would be necessary to meet this provision of the proposal. DNR assumes that because the burden of proof would shift to the department or the commission, more appeals could potentially be filed. DNR is also unable to determine the impact of the increased appeals.

**Oversight** assumes if additional resources are needed to handle increased appeals, the Department would request additional funding through the appropriations process.

Pertaining to §644.036 (Clean Water Commission):

Officials of the **Department of Natural Resources (DNR)** assume the proposed legislation would require their Department to promulgate a rule for any action taken by the Department that would designate any waters of the state to be classified as impaired, contaminated, impacted, or deteriorated. DNR states since many of the Department's routine permitting, inspection, compliance or complaint response activities may result in such a designation, each of these individual actions may need to be promulgated as a rule. DNR states they are unable to determine the potential fiscal impact of this provision.

**Oversight** assumes if additional resources are needed, the Department would request additional funding through the appropriations process.

Pertaining to §644.016, §644.051 and §644.052 (Aquaculture):

Officials from the **Department of Natural Resources** assume the proposal would not add additional responsibility for the Department and therefore assume no fiscal impact.

ASSUMPTION (continued)

Pertaining to §644.578; §644.579; §644.580; and §644.581 (Bonding for Stormwater Projects):

Officials from the **Department of Natural Resources (DNR)** assume the proposed legislation

would have no fiscal impact on their agencies. DNR notes bonds are sold on an as-needed basis and bond sales lag authorization by approximately three years. DNR states the proposed language changes the allocation of grant and loan funds in programs having percentage ratio distributions within Sections 644.578, 644.579 or 644.580. DNR assumes that since sections 644.578 and 644.579 do not contain percentage ratio distribution language, this provision would only impact Section 644.580. Under current law, the process from allocation to obligation takes eighteen months. Any unused stormwater money is combined with the next allocation amounts and is then redistributed to all eligible applicants. Therefore, the redistribution process also follows the eighteen month timeline from allocation to obligation. The proposed language would appear to require the redistribution to be done during a one year period which would shorten the amount of time available to obligate those funds. DNR assumes unused monies would be redistributed to all eligible recipients based upon the percentage ratio distribution outlined in the Article III, Section 37(h) of the Missouri Constitution. DNR assumes this proposed language would change the timeframe but leave funding levels the same, it is assumed no fiscal impact would result..

Officials from the **Office of Administration – Division of Accounting (COA)** assume the proposal would result in the sale, in FY 2005, of \$15 million in bonds for rural water and sewer projects pursuant to section 37(g) of the Missouri Constitution. COA assumes sections 37(e) and 37(h) will not use new authorization in FY 2003 through FY 2005. COA notes the issue date will depend on the use of available bond proceeds for bonds authorized but not yet issued. In addition, COA assumes 25 year maturity, 7% interest rate, and level debt service. COA assumed one-time costs per issue at approximately \$150,000, plus \$41,385 for personal services of existing staff. COA also indicated the proposal would require .25 Executive Assistant to initiate general revenue transfers to the appropriate debt service funds, reconcile all paying agent transactions for principal and interest, and monitor all fees due the paying agent. Total costs for this position including fringe benefits, equipment, agent fees, and expense would be \$13,269 in FY 2005. COA assumed paying agent fees would be approximately \$2,000 annually.

**Oversight** assumes:

- (1) Annual debt service will be higher in subsequent years if the remaining authorized amount is issued; and
- (2) One-time and ongoing personal service costs could be absorbed with existing resources, with no increased costs to COA for these services.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
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**GENERAL REVENUE FUND**

Costs—COA (§644.578 - §644.580)

Paying Agent Fees	\$0	\$0	(\$2,000)
Transfer to Principal & Interest Sinking Fund	<u>\$0</u>	<u>\$0</u>	<u>(\$1,287,158)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>(\$1,289,158)</u></b>

#### **WATER POLLUTION CONTROL FUND**

<u>Costs</u> —COA (§644.578 - §644.580)			
Bond Issuance Cost	<u>\$0</u>	<u>\$0</u>	<u>(\$150,000)</u>

<b>ESTIMATED NET EFFECT ON WATER POLLUTION CONTROL FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>(\$150,000)</u></b>
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#### **SAFE DRINKING WATER FUND**

<u>Revenue</u> – Primacy fees (§640.100)	<u>\$2,000,000</u>	<u>\$2,400,000</u>	<u>\$2,400,000</u>
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<b>ESTIMATED IMPACT TO SAFE DRINKING WATER FUND</b>	<b><u>\$2,000,000</u></b>	<b><u>\$2,400,000</u></b>	<b><u>\$2,400,000</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
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#### **WATER DISTRICTS AND SYSTEMS**

<u>Income</u> – Water Systems (§640.620)			
Potential Additional Water Grant(s)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<b>ESTIMATED NET EFFECT ON WATER DISTRICTS AND SYSTEMS</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
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#### **LOCAL FUNDS**

<u>Savings</u> – Water Districts (§247.040)			
Incorporation Changes *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>	<b><u>Unknown</u></b>
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FISCAL IMPACT - Local Government

FY 2003

FY 2004

FY 2005

**\* Any savings to water districts would depend on whether they are incorporated or not. If they are not incorporated the costs of incorporation is assessed to the petitioners.**

FISCAL IMPACT - Small Business

*Pertaining to all sections:*

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

*Pertaining to §247.040 (Public Water Districts):*

This proposal allows the petition for the formation of a public water supply district to become final and conclusive if the circuit court determines that the petition has been signed by at least two-thirds of the registered voters within the boundaries of the proposed district.

The proposal also requires the petition publication notice to be published once a week for three weeks in a daily newspaper. In addition, the notice of the filing of the petition shall also be given by certified mail to all property owners within the proposed boundaries of the district. The cost of the certified notification shall be borne by the petitioners. Under current law, the notice must be published for three weeks in a weekly paper or in 20 successive issues of a daily newspaper.

*Pertaining to §249.669 (Territorial Agreements):*

This proposal provides that when all or part of a territory of a sewer district, located in Butler County, is annexed into Poplar Bluff, but is not receiving municipal water service at the time of annexation, the district and city may develop an agreement for the provision of service to the annexed territory. Such an agreement may be developed for any territory annexed between January 1, 1996, and August 28, 2001. Requirements for the agreement and procedures where an agreement

DESCRIPTION (continued)

cannot be reached are provided.

*Pertaining to §250.140 (Sewerage Systems and Waterworks):*

This proposal requires any notice of delinquency regarding services provided to be sent to both the occupant and owner of the premises receiving such services, if such owner has provided the entity



rendering such service with the owner's rental property addresses.

*Pertaining to §278.258 (Watershed Districts):*

This proposal allows any county, which has not adopted an annual watershed district tax, that is within a watershed subdistrict to detach from the subdistrict. Detachment from the subdistrict must be approved by a majority of the landowners in the county. The detachment must take place before an annual tax is adopted. The watershed district trustees must make arrangements for the county to pay any outstanding indebtedness for services or works of improvement before the detachment. Watershed district trustees must certify the separation with the recorder of deeds in each county in which the subdistrict lies and with the State Soil and Water Commission.

*Pertaining to §393.705 (Public Sewer Districts):*

Under current law, any sewer district may enter a joint contract to form a joint municipal utilities commission. This proposal restricts this power to public sewer districts.

*Pertaining to §393.847 (Sewer Companies):*

This proposal specifies that every nonprofit sewer company shall be supervised and regulated by DNR to the same extent and in the same manner as any other nonprofit corporation who treats wastewater.

*Pertaining to §610.021 (Sunshine Law):*

This proposal adds exemptions to the Sunshine Law, allowing closure of existing or proposed security systems and structural plans and certain computer information, which would threaten public safety. However, information regarding procurement or expenditures shall not be considered closed.  
DESCRIPTION (continued)

The public governmental body must affirmatively state in writing that the disclosure would impair the ability to protect the public. The exemption relating to security of public buildings sunsets on December 31, 2006. An exemption is also added to close records regarding certain numerical information and security codes to protect electronic transactions between the public governmental body and persons doing business with the body.

*Pertaining to §640.100 (Primacy Fee):*

This act extends the drinking water primacy fee to September 1, 2007.

*Pertaining to §640.620 (Public Water and Sewer Districts):*

Currently, no public water supply district, sewer district, or any rural community water and sewer system is allowed to receive more than one grant in a two-year period. This proposal allows a grant for a water supply or sewer district construction project, and a grant for a source water protection project to be awarded in any two-year period.

*Pertaining to §640.825 (Burden of Proof):*

In all matters heard by the Department of Natural Resources in chapters 260, 278, 444, 640, 643, and 644, RSMo, the burden of proof shall be on DNR or the Commission initially making the finding or decision. However, in appeals involving the denial of a permit, license or registration, the burden of proof shall be on the applicant. In appeals where the appellant is someone other than the applicant, the burden of proof shall be on that party.

*Pertaining to §644.036 (Clean Water Commission):*

Requires the Clean Water Commission to adopt any listing, designation, standard, rule or regulation which will result in waters of the state to be classified to be promulgated by rule pursuant to chapter 536, RSMo.

*Pertaining to §644.016, §644.051 and §644.052 (Aquaculture):*

This proposal revises provisions relating to water permitting for aquaculture. Aquaculture is defined  
DESCRIPTION (continued)

as the controlled propagation, growth, and harvest of aquatic organisms. Prior to issuing a general permit or permit by rule the Director of the Department of Natural Resources must hold meetings with permit holders, applicants and the public to evaluate pollution impacts of pollutants. After the meetings the Director would draft the permit considering the comments of the meeting and post it for public comment. The Director must also concurrently post an explanation with the draft permit which shall identify types of facilities which are subject to the permit. A hearing may be requested on the draft permit.

After consideration of the comments the final permit would be issued. The time between the request for the hearing and the hearing date will not be calculated for purposes of the time frames in which a permit must be issued.

Unless requested by the facility, aquaculture facilities will not be required to obtain site-specific permits but will obtain general permits. However, facilities which materially violate the conditions and requirements of the general permit may be required to obtain a site-specific permit. The fee for aquaculture facilities is capped at \$250.

*Pertaining to §644.578; §644.579; §644.580; and §644.581 (Bonding for Stormwater Projects):*

In addition to amounts authorized prior to August 28, 2002, this proposal authorizes the Board of Fund Commissioners to issue bonds for grants and loans pursuant to several sections of Article III of the Missouri Constitution. This proposal also specifies the percentage disbursement of the grants and loans from these funds. The authorizations are for:

- (1) \$10 million of bonds for water pollution control, drinking water system improvements, and storm water control pursuant to Section 37(e);
- (2) \$10 million of bonds for rural water and sewer projects pursuant to Section 37(g); and
- (3) \$20 million of bonds for storm water control plans, studies, and projects in first classification counties and the City of St. Louis pursuant to Section 37(h).

This proposal contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
Department of Natural Resources  
Department of Economic Development – Public Service Commission  
Department of Conservation  
Department of Revenue  
Department of Health and Senior Services  
Office of the State Courts Administrator  
Cole County  
Kansas City  
City of Poplar Bluff  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director

May 9, 2002